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# Ogilvy & Mather

International Inc., Advertising

ANNUAL REPORT 1966



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# Ogilvy & Mather

2 East 48th Street, New York 10017

## Directors and Officers

Chairman and Chief Executive  
Vice-Chairman

David Ogilvy  
Donald Atkins  
James Benson  
John Elliott, Jr.  
James R. Heekin, Jr.  
Andrew Kershaw  
A. A. Ross  
Alan N. Sidnam  
Stanhope Shelton  
E. Esty Stowell

Creative Director O&M New York  
Chairman O&M London  
Managing Director O&M London  
Chairman O&M New York  
President O&M New York  
Chairman O&M Toronto  
Deputy Managing Director O&M London  
Vice-Chairman O&M New York  
Vice-Chairman, Creative Director O&M London  
Director O&M New York

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Treasurer  
Secretary  
Assistant Treasurer

Shelby H. Page  
Stanley Pigott  
John Nettleton

New York • London • Frankfurt • Toronto • Vienna • Zurich • Milan • Atlanta • Chicago • Hollywood • San Francisco





DONALD ATKINS  
Vice-Chairman,  
O&M International

DAVID OGILVY  
Chairman,  
O&M International

Ogilvy & Mather International reports for the first time as a public company. We welcome all who have shown confidence in our company by becoming shareholders.

## Growth in 1966

In 1966, Ogilvy & Mather International billings increased 11.2 percent to \$166,300,297.

Fee and commission income increased 12.4 percent to \$26,674,905.

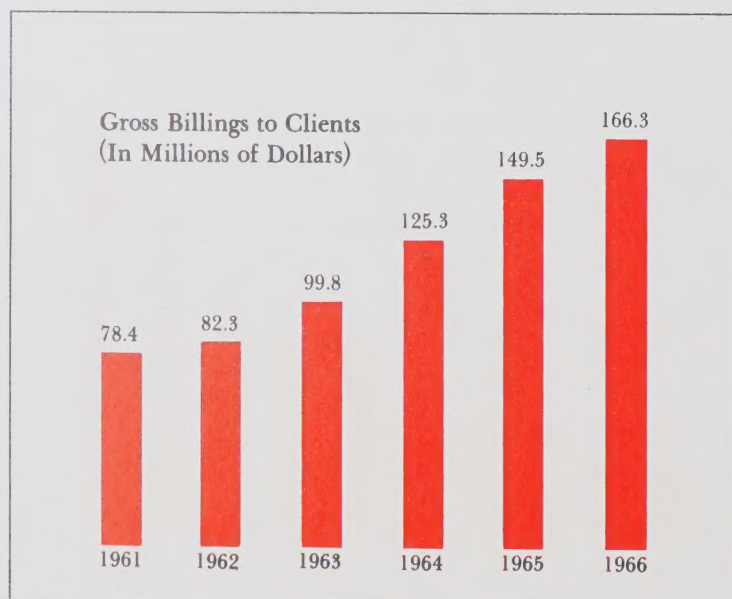
Earnings per share increased only slightly—from \$1.31 in 1965 to \$1.32 in 1966.

Profits in the United States increased by 75 percent. This increase was offset by a profit reduction in the United Kingdom and Europe. The United States agency contributed 84 percent of net income from operating subsidiaries. Lower profits overseas were partly the result of economic conditions. The deflationary curbs placed on the British economy in 1966 led to a cutback in some advertising expenditures. Similarly, Germany has been suffering an economic downturn which was reflected in reduced advertising expenditures.

Three quarterly dividends of 10 cents per share were paid—after we became a public company in April.

## New Accounts

In each of the seven countries where we have offices, we added new clients in 1966. In the U.S. we were appointed by Mars Incorporated, General Cigar Company, Merck & Co., Gillette Safety Razor Company.



In Canada, we were selected by General Foods to handle five products. In England, we added Gillette, Bristol-Siddeley Engines, and new products for Pet-foods and HP Sauce. New clients in Continental Europe included ICI Fibres, American Express, Bristol-Siddeley Engines, Gilbey's Whisky and Vesta foundation garments.

## Growth in the U.S.A.

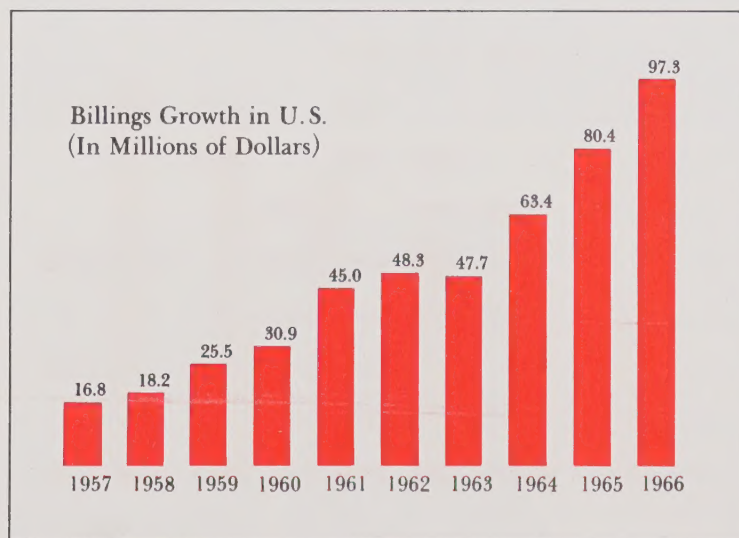
The United States accounts for 67 percent of the world's advertising expenditures. The chart on the right shows our billings growth in the U.S.—from \$16,765,000 in 1957 to \$97,273,107 in 1966. In the past ten years, we have grown from forty-fourth largest U.S. agency to eighteenth largest.

Over this same period, the compound annual growth rate of the U.S. Gross National Product has been 5.9 percent. The billings growth rate of the twenty-five largest agencies has been 6.5 percent; the growth rate of Ogilvy & Mather (U.S.) has been 21.6 percent.

A large part of our growth in the United States has come from additional business awarded us by existing clients. In the past five years our billings in the U.S. have grown over \$52,000,000; almost \$31,000,000, or 58 percent of this growth is additional business from existing clients. Growth with present clients is the best testimonial to our agency's performance.

## Growth in Europe

Our agencies in the United Kingdom and Germany are major ones. According to "Advertising Age," in





1966 our agency in the United Kingdom was the fourth largest; our agency in Germany the seventh largest. We have confidence in their continued growth in spite of difficulties in 1966.

In the *first quarter* of 1967, new accounts with annual billings of over \$6,000,000 were gained in Europe. (In Great Britain: the Gas Council, Omega Watch Company, Reckitt Wonderset Hair Spray, and new assignments from Unilever and Gillette. In Germany: Alete baby foods and a new assignment from Unilever.)

Early in 1967 we entered into an agreement with the Trio Advertising Agency in Switzerland under which we propose to combine our Swiss and Italian offices with the Trio offices in these two countries. We believe this step will improve our operations in Switzerland and Italy.

Our program for strengthening management and reducing costs in Europe was well in train by the end of 1966. We look to a greater profit contribution from Europe in 1967.

## International Service

The advertising business is growing rapidly throughout the free world as more economies become more consumer-oriented. Manufacturing companies expanding internationally need advertising agencies that can provide international service.

There is mounting evidence that the same advertising campaigns usually have the same appeal to the consumer in North Dakota as to the consumer in Frankfurt or Toronto. We have geared ourselves to create international campaigns.

Today, Ogilvy & Mather has offices in seven coun-

### O&M Clients Served in Three or More Countries

	U. S.	Canada	U. K.	Germany	Italy	Switz.	Austria
Schweppes	■	■	■				
Air Canada			■		■	■	■
Gilbeys		■	■		■		
Mercedes-Benz	■	■		■			
Shell	■	■	■	■		■	■
Lever	■	■	■	■			
ICI			■	■	■		■
Gillette	■		■	■		■	
American Express	■	■	■	■	■	■	■

tries. These countries account for 85 percent of world advertising expenditures. We plan to open an office in Melbourne, Australia in the second half of 1967. We serve some clients in as many as six different countries. The Omega Watch Company is the most recent addition to our roster of international clients.

Our Board of Directors is composed of ten of the Directors of our companies in England, Canada and the United States.

We exchange personnel between our offices. We have Englishmen working in New York, Frankfurt and Vienna. One of our American Vice-Presidents, working in London, was recently elected to the Board of our English company. Another has been appointed to head our German company. Our U.S. training program exposes nationals from our other offices to American marketing and advertising methods.

## New Management in 1966

The year 1966 marked the introduction of new management blood throughout our company.

James Benson, 41, became Managing Director of our London company, succeeding Guy Mountfort, who had reached retirement age. Angus Ross, 46, became Deputy Managing Director.

John Elliott, Jr., 46, became Chairman of our U.S. company; James R. Heekin, Jr., 40, became President; and Alan N. Sidnam, 50, Vice-Chairman.

John Straiton, 44, became the President of our Canadian company.

Henry P. Bernhard, 39, from our New York office, became head of our German company, succeeding



ANGUS ROSS  
Deputy Managing Director, London

JAMES BENSON  
Managing Director, London



ALAN N. SIDNAM  
Vice-Chairman, New York

JOHN ELLIOTT, JR.  
Chairman, New York

JAMES R. HEEKIN, JR.  
President, New York



JOHN STRAITON  
President, Toronto



HENRY P. BERNHARD  
Managing Director, Frankfurt



TV Commercial for SEARS, ROEBUCK  
First Prize 13th International Advertising Film Festival Venice



the late William Heumann.

Armin Fehle, 35, the head of our Vienna office, was assigned the same responsibility in Zurich.

Robert Lasagna, 31, was appointed head of our Milan offices. Michael Ball, 36, has been named head of our new office in Melbourne.

An advertising agency is *people*. Your investment is in our people—more than 1800 of them.

To keep our competitive edge, we take unusual pains to recruit, train and promote able young men and women. Of fifteen new Vice-Presidents named in the U.S. in 1966, fourteen were promoted from within. We believe this testifies to the effectiveness of our recruiting and management training programs.

## The Campaigns We Create

Our business is to create great advertising. It is hard work. While great advertising may sometimes result from superficial inspiration, it is more likely to be on target when creative minds are armed with *facts*—facts about the product and the market. We believe that consistently successful advertising is born of a marriage of painstaking research and creative inspiration.

We spend a higher percentage of our income on research than do most advertising agencies, and this expenditure is still going up. We view this as an investment to create better advertising for our clients and so strengthen our relationships with them.

In 1966, we believe that Ogilvy & Mather International won more major awards for creative excellence than any other agency in the world. For example:

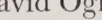
At the Venice International Advertising Film Festival, Ogilvy & Mather won more awards than any



In the “Saturday Review’s” contest for “Distinguished Advertising in the Public Interest,” Ogilvy & Mather won the two first places and *one quarter* of all the awards. Over the years, we have won 43 “Saturday Review” awards.

## Our Clients

We have a highly *diversified* portfolio of accounts—more than 150 of them—ranging from groceries to gasoline, from toiletries to travel, from eggs to electronics. This kind of diversity makes for stability in our business.

  
David Ogilvy  
Chairman

April 10, 1967

# CASALS TENTH

Waxman says Pádua keeps up to the present. On June 1, he will be conducting more than just the opening concert of *San Juan's music festival*.

The Federal Causa is celebrating its tenth birthday in San Juan. They again do a concert in the city's main square.

His friends will come from all over the globe to take part in his festival. Arac Rakusheva, Igor Ostrak, Leopold Simenova, Justino Diaz, Mercedes de la Cruz, and the *Ensemble Cordier*, Eugene Ormandy, and others.

But there will be another reason to celebrate in the sunny Commonwealth. Over the next few days, Pádua will give his first concert in the city's main square. He will call it *San Juan's music festival*.

Communicated at Puerto Rico, 22d Feb. 1900, New York, 1900.



Advertisement for INTERNATIONAL PAPER  
First Place "Saturday Review" Awards  
for Distinguished Advertising in the Public Interest



I AM SCHOOL DROPOUT. I CANT READ GOOD  
I CANT GET A JOB. HELP ME PLEASE

**H**is excitement, his thrill, his joy, his hope. Why did he quit school? His biggest problem was reading. Because he couldn't read well, he couldn't keep up in any of his classes.

The average dropout is at least two years behind in reading when he quits.

Is the boy in our picture an isolated case? No. Reading problems are the main reason a million kids quit each year.

Reading problems are the main reason one third of this year's freshmen will leave high school before they graduate. It happens in rural areas and cities alike.

What can you do to help? Many emotional disorders have programs to help back and forth. A few years ago, 30 volunteers in New York started such a program. Last year, this group had grown big enough to help over 30,000 children with reading difficulties.

Find one if there is a group working where you live. If not, talk to your high school principal. Start a program of your own.

It's a wonderful one. The future of your country is in its hands.

**FOR FREE BOOKS** of this advertisement, write to: Box 10016, International Paper, 228 East 10th Street, New York, N.Y. 10001.

**"Send me a man who reads!"**  
A series by International Paper

International Paper makes many paper products that are company to the world. Paper bags, brown-based packaging, computer cases, integrated services, plastics mixed with various printing papers.

If Plastic is the most important thing that's ever there with paper is printing, send me a K. This advertising series is International Paper's commitment.

 INTERNATIONAL PAPER



# Magazine and Newspaper Advertisements

**"We Hate Cash"**  
*"From now on, holders American Express cards for travel in suit!"*

Small text below the headline describes the benefits of using American Express cards for travel, including hotel and car rental discounts.

American Express, New York

**"Anyone who makes a Gin and Tonic without Schweppes should be keelhauled," says Commander Whiskard.**

Small text below the headline describes the benefits of Schweppes tonic, including its refreshing taste and health benefits.

Schweppes, New York

**Will a 'tapped cap' help you discover the secret of Schhh...?**

Small text below the headline describes the benefits of Schweppes tonic, including its refreshing taste and health benefits.

Schweppes, London

**This doctor wants to make all the latest medical knowledge available to every doctor everywhere.**  
**What's he doing at IBM?**

Small text below the headline describes the benefits of IBM's medical research, including its use in diagnosing and treating various diseases.

IBM, New York

**Gillette Rasierschaum erweicht selbst den härtesten Bart so wurzeltief, dass die Klinge keinen Widerstand mehr findet.**

Small text below the headline describes the benefits of Gillette shaving foam, including its ability to soften the hardest beard.

Gillette, Frankfurt

**THE MYTH OF ALMOND: Casket of engraved crystal and 18 karat gold. 6 1/2" high.**

Small text below the headline describes the features of the Steuben Glass casket, including its engraved crystal and 18 karat gold.

Steuben Glass, New York

**"People lose strange things on board ship; books and spectacles one can understand. But a guitar?"**  
**Six pairs of men's underpants?"**

Small text below the headline describes the services of P&O Lines, including its ships and routes.

P&O Lines, New York

**"Real bread should have character. It should be firm and satisfying, with a rich, creamy color. This is our standard for Pepperidge Farm White Bread"**

Small text below the headline describes the features of Pepperidge Farm White Bread, including its firm and satisfying texture.

Campbell Soup (Pepperidge Farm), New York






Mit dem Fahrwerk und dem Motor eines Sportwagens, aber mit dem Komfort einer Reiselimousine

W...

Mercedes-Benz, Frankfurt



The Mercedes-Benz 250S—the \$6400 car that doesn't wallow, waddle, sway, sag or butter up your ego

Mercedes-Benz, New York



Hathaway, discovers Liverpool Blue.

Hathaway, New York



**'TERYLENE': INSIDE-OUT STORY**

The great danger, when you've never ridden a bicycle before and don't like to admit it when your fiancée suggests a spin across the common, is from black ice. And submerged wrecks. Must have struck me or the other, as suddenly became unseated. Had Janet notice? Luckily, wearing two-way raincoat in Terylene, which stayed uncreased and uncrumpled—so quickly brushed self down and turned raincoat round the other way. Remounted. Encountered fixed stare Janet.

ICI Fibres, London



"Our first stop in Europe? Surprising Amsterdam—where else!"

KLM

KLM, New York



This Zippo helped capture the battleships H.I.J.M.S. NAGATO in 1946. It still works today.

If any Zippo lighter ever fails to work, we'll fix it free.

Zippo, New York



**Dippity-do!**

Nur zwei Finger einrollen

Dippity-do..... gibt Halt und Fülle Dippity-do

Gillette, Frankfurt

**Wanted: young men who will work like blazes to do what is best for other people**

Nationwide Insurance is looking for bright, ambitious men to be insurance agents. We're among the fastest growing insurance companies in America. Here is what we will expect from you, and what you can expect from us.

**Nationwide Insurance**

Nationwide Insurance, New York



## How to scale down the risks of doing business overseas

A report from the international specialists at Morgan Guaranty

When you do business overseas, you are exposed to a wide range of risks. These risks can be managed, but they must be managed properly. Morgan Guaranty's international specialists can help you identify the risks and develop a strategy to manage them. This report provides a comprehensive overview of the risks involved in doing business overseas and offers practical advice on how to minimize them.

**Political Risk** is the risk that a government will change its policies or laws in a way that affects your business. Morgan Guaranty's specialists can help you identify the political risks in a particular country and develop a strategy to manage them.

**Financial Risk** is the risk that a company will be unable to pay its debts. Morgan Guaranty's specialists can help you identify the financial risks in a particular company and develop a strategy to manage them.

**Operational Risk** is the risk that a company will be unable to produce its goods or services. Morgan Guaranty's specialists can help you identify the operational risks in a particular company and develop a strategy to manage them.

**Legal Risk** is the risk that a company will be unable to enforce its contracts. Morgan Guaranty's specialists can help you identify the legal risks in a particular country and develop a strategy to manage them.

**Reputation Risk** is the risk that a company's reputation will be damaged. Morgan Guaranty's specialists can help you identify the reputation risks in a particular company and develop a strategy to manage them.

Morgan Guaranty's international specialists can help you manage all of these risks and ensure that your business is successful overseas.

Morgan Guaranty, New York

## 'The sun never sets on my Gin'

Gilbey's London Dry Gin - the taste of the times

Gilbey's London Dry Gin is a classic British gin, made from the finest botanicals and distilled in London. It has a long history and a reputation for quality. The new Gilbey's London Dry Gin is a modern twist on the classic, with a lighter, more refreshing taste. It's the perfect drink for any occasion.

Gilbey, London

## Luckily, the Welsh are bilingual.

The Welsh are a bilingual people, speaking both Welsh and English. This is a unique cultural trait that has helped them thrive in a globalized world. The British Travel Association can help you plan a trip to Wales, where you can experience the beauty of the Welsh landscape and the hospitality of the Welsh people.

**Travel Packages:**

- Wales: £150
- Wales & Ireland: £250
- Wales, Ireland & Scotland: £350

Book now! Call 1-800-828-8282.

British Travel Association, New York

## Variable Sweep Wings: A report from General Dynamics

A major step forward in aircraft design

The variable sweep wing is a revolutionary aircraft design that allows a plane to fly at both high and low speeds. It was developed by General Dynamics and is now being used in a variety of military and civilian aircraft. This report provides a detailed look at the technology behind the variable sweep wing and its many advantages.

**The evolution of flight envelope:**

The variable sweep wing allows a plane to fly at a much wider range of speeds than a conventional wing. This means that it can take off and land at lower speeds, but it can also fly at much higher speeds when needed. This makes it a very versatile aircraft.

**Three aircraft in one:**

The variable sweep wing aircraft can be configured in three different ways: as a low-speed aircraft, a high-speed aircraft, or a medium-speed aircraft. This makes it a very adaptable aircraft that can be used in a variety of different roles.

**How it operates:**

The variable sweep wing is operated by a system of hydraulic actuators that move the wing panels in and out. This allows the wing to change its shape and sweep angle as needed.

**The future for the sweep wing:**

The variable sweep wing is a technology that will continue to be used in aircraft for many years to come. It is a key component of modern aircraft design and will play a major role in the future of aviation.

General Dynamics, New York

## Robt. Burns announces new mild cigars for men who smoke more than one a day.

Robert Burns Cigars are the perfect choice for men who smoke more than one cigar a day. They are mild, flavorful, and easy to smoke. They are available in a variety of flavors, including Original, Mild, and Full Flavor. They are the perfect choice for any occasion.

**Robert Burns Cigars:**

- Original: £1.50
- Mild: £1.20
- Full Flavor: £1.80

Call 1-800-828-8282 for more information.

General Cigar, New York

## cream makes simple things super

Strawberries are a delicious fruit that can be used in a variety of ways. Adding a dollop of cream makes them even more delicious. This is a simple recipe that anyone can make. It's a perfect treat for any occasion.

**Ingredients:**

- 1 cup strawberries
- 1/2 cup cream

**Instructions:**

- Wash the strawberries and remove the stems.
- Place the strawberries in a bowl.
- Top with a dollop of cream.

National Dairy Council, London

## When you're tired of skyscrapers in Canada, take a breather in cowboy country

Experience the beauty of cowboy country in Canada. There are many beautiful ranches and towns where you can enjoy the cowboy lifestyle. This is a unique experience that you won't find anywhere else.

**Air Canada:**

Book your flight to cowboy country today. Call 1-800-828-8282.

Air Canada, London

## Coût moyen: environ 6' l'assiette

Qualité et valeur nutritive font toujours de la soupe Campbell un de vos meilleurs achats.

Campbell's Soup is a nutritious and delicious food that is perfect for any occasion. It's a great way to get your daily dose of vitamins and minerals. It's also a great way to save money. Campbell's Soup is the perfect choice for anyone who wants to eat healthy and save money.

**Ingredients:**

- 1 can Campbell's Soup
- 1/2 cup rice
- 1/2 cup beans

**Instructions:**

- Boil the rice and beans.
- Add the Campbell's Soup.
- Simmer for 10 minutes.

Campbell Soup, Toronto

## Television Commercials



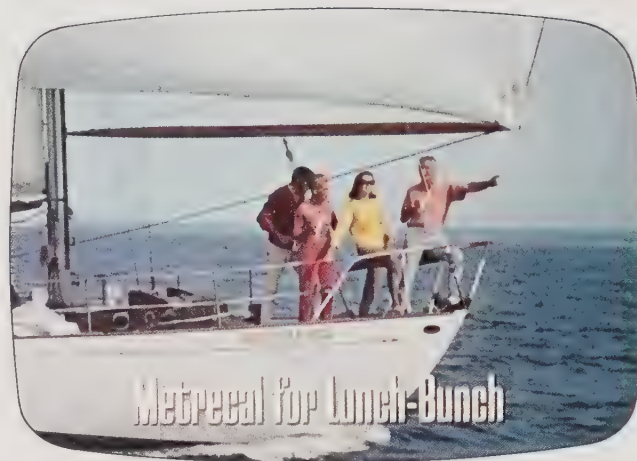
Shell, New York



Shell, London



Tea Council, London



Mead Johnson, New York



Lever Brothers, New York

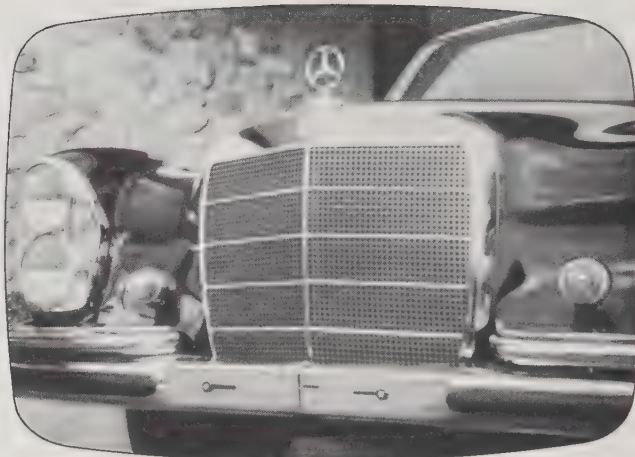


Egg Marketing Board, London





Lever Brothers, New York



Mercedes-Benz, Toronto



Drackett, New York



Pepsi-Cola Company (Mountain Dew), New York



Bristol-Myers, New York



The Observer, London





John Player & Sons, London



General Foods, New York



Mars Incorporated, New York



Schweppes (Foods), London



Bristol-Myers, Toronto



General Foods, New York

# Ogilvy and Mather Clients and Their Products

## New York

AMERICAN EXPRESS

BRISTOL-MYERS  
Ban, new products

BRITISH TRAVEL ASSOCIATION

CAMPBELL SOUP COMPANY  
Pepperidge Farm products

COMMONWEALTH OF PUERTO RICO

THE DRACKETT COMPANY  
Drāno, VANiSH, new products

GENERAL CIGAR COMPANY, INC.  
Robt. Burns Cigars

GENERAL DYNAMICS

GENERAL FOODS  
Maxwell House, Maxim, Good Seasons,  
Shake 'n Bake, Prime, Open Pit, Start,  
Great Shakes, new products

GILLETTE SAFETY RAZOR  
COMPANY  
New products

C. F. HATHAWAY  
Men's shirts

INTERNATIONAL  
BUSINESS MACHINES  
Corporate

INTERNATIONAL PAPER  
COMPANY

KLM ROYAL DUTCH AIRLINES

LEVER BROTHERS  
Dove, Lucky Whip, Imperial,  
Dove-for-Dishes, Super Stripe,  
Final Touch, new products

MARS INCORPORATED  
Milky Way Bar, Snickers Bar, Forever  
Yours Bar, Starburst Fruit Chews,  
Marsettes, Sprint Chocolate Wafer Bar,  
new products

MEAD JOHNSON NUTRITIONALS  
Metrecal, Pablum, new products

MERCEDES-BENZ of NORTH AMERICA

MERCK & CO.  
Corporate

MICHAELS/STERN  
Men's Wear

MORGAN GUARANTY  
TRUST COMPANY of NEW YORK

NATIONWIDE INSURANCE  
COMPANIES

P & O LINES

PEPSI-COLA COMPANY  
Mountain Dew, new product

SCHWEPPE'S (U.S.A.)  
Tonic, Bitter Lemon, Bitter Orange,  
Ginger Ale, Ginger Beer, Club Soda

SEARS, ROEBUCK  
Corporate

SHELL OIL COMPANY  
Gasoline and other automotive products  
and services

SHELL CHEMICAL COMPANY

STEUBEN GLASS

ZIPPO MANUFACTURING COMPANY

## London

AIR CANADA

AMERICAN EXPRESS

G. BRAZIL  
Sausages, pies, cooked meats

BRISTOL-SIDDELEY ENGINES

BRITISH EGG MARKETING BOARD

BRITISH TURKEY FEDERATION

CENTRAL OFFICE OF INFORMATION  
British Government Export Advertising

DECIDUOUS FRUIT BOARD  
OF SOUTH AFRICA

FISONS  
Corporate, agricultural fertilizers

GAS COUNCIL  
Heating, cooking and refrigeration

W. & A. GILBEY  
Smirnoff Vodka, J&B Scotch Whisky,  
Heidsieck Champagne, Gilbey's London  
Dry Gin, Croft Triple Crown Port, Croft  
Original Sherry, Old Grand-Dad Bourbon,  
Perrier Water

GILLETTE SAFETY RAZOR  
COMPANY  
Right Guard, new products

HP SAUCE  
Sauces and baked beans

ICI FIBRES  
Terylene, Crimplene, Ulstron,  
Bri-Nylon

LEA & PERRINS  
Worcester Sauce

NATIONAL DAIRY COUNCIL  
(and eight other Statutory Boards)

THE OBSERVER  
Newspaper and colour magazine

OMEGA WATCH COMPANY

PETFOODS  
Bounce, Mick

JOHN PLAYER & SONS  
Medium Navy Cut, Gold Leaf,  
No. 6 cigarettes, Finos cigars  
Sherwood and Digger tobaccos

RECKITT & SONS  
Wonderset hair spray

REDIFFUSION  
Commercial television stations, TV and  
Radio sales and rentals

REDITUNE  
Taped music

RONSON PRODUCTS  
Lighters

ROWNTREE  
Aero, Beech-Nut, Blue Riband biscuits,  
Caramel Wafers

J. SAINSBURY

SCHWEPPE'S  
Tonic, Bitter Lemon, American Ginger Ale,  
Dry Ginger Ale, Soda Water, Jams, Jellies,  
Marmalades, new product

SHELL INTERNATIONAL  
PETROLEUM COMPANY  
Corporate

SHELL-MEX & B.P.  
Shell Petrol and other automotive and  
marine products

SOUTH AFRICAN CO-OPERATIVE  
CITRUS EXCHANGE  
Outspan oranges, grapefruit

TEA COUNCIL

UNILEVER

BATCHELORS FOODS  
Canned vegetables

GIBBS PROPRIETARIES

Pepsodent toothpaste, Vinolia hand  
care lotions and baby products

LEVER BROTHERS & ASSOCIATES  
New products

VAN DEN BERGHS  
Spry

T. WALL & SONS  
New products

UNITED MARKETING  
Bostik adhesives

WESTMINSTER BANK

## Frankfurt

A.E.G.

ALLGAEUER ALPENMILCH  
Alete baby food

AMERICAN EXPRESS

BRISTOL-SIDDELEY ENGINES

DEUTSCHE LUFTHANSA  
Corporate, passenger and freight

DEUTSCHE SHELL  
Gasoline and other automotive products and services, domestic fuel oil, lubricants

DEUTSCHE SHELL CHEMIE

FRANKFURTER BANK

GILLETTE ROTH-BUECHNER  
Gillette razor blades and safety razors, Rotbart blades and men's toiletries, Dippity-Do

ICI (EUROPA) FIBRES  
Terylene, Crimplene

JOHNSON-GRUENOL CHEMIE  
Klar-Glanz, Klar-Wachs, Lavax floor polishes

MERCEDES-BENZ

REEMTSMA  
Juno cigarettes

RICCADONNA  
Vermouth

SALAMANDER  
Shoes

SEKTKELLEREI CARSTENS  
Carstens champagne

SOUTH AFRICAN CO-OPERATIVE CITRUS EXCHANGE  
Outspan oranges, grapefruit

UNILEVER  
ELIDA  
New product

MARGARINE-UNION  
Palmin cooking fat

SUNLICHT VERTRIEBS  
Bio-Luzil pre-washing powder

ZELLSTOFFFABRIK WALDHOF  
Zewa-Lind toilet tissue

CAMPBELL SOUP COMPANY  
Heat-processed soups, Pepperidge Farm products

CANADIAN INTERNATIONAL PAPER COMPANY  
Corporate, building products

GENERAL FOODS  
Whip 'N Chill, Sun-Up, Minute Rice, Gaines Meal, new products

W. & A. GILBEY  
Gilbey's London Dry Gin, J&B Scotch Whisky

GUARANTY TRUST COMPANY  
C. F. HATHAWAY  
Men's shirts

JOHNSON & JOHNSON  
Non-woven and hospital products

LETRASET

LEVER BROTHERS  
Good Luck, Imperial, Golden Glow, Lucky Whip, Surf, new products

LONDON LIFE INSURANCE

MEAD JOHNSON NUTRITIONALS  
Metrecal, Pabulum, new products

MERCEDES-BENZ

MOFFATS  
Major appliances

ROWNTREE  
Candies

SCHWEPPEs  
Tonic, Bitter Lemon, Bitter Orange, Ginger Ale, Ginger Beer, Club Soda

SHELL CANADA  
Gasoline and other automotive products and services, agricultural and industrial chemicals

SHEPHERD CASTERS

WEDGWOOD  
China, dinnerware

ZIPPO MANUFACTURING COMPANY

ICI (EUROPA) FIBRES  
Terylene, Crimplene

MARS INCORPORATED  
Candies, Pet foods, Uncle Ben's Rice

MECNAROWSKI & CO.  
Endocil hormone cream, Zwitsal baby cosmetics, Topdent denture adhesive

PHILIPS  
Household electrical appliances

SHELL AUSTRIA  
Gasoline and other automotive products and services, agricultural and industrial chemicals

VESTA  
Corsetry

## Milan

AIR CANADA

AMERICAN EXPRESS

BRISTOL-SIDDELEY ENGINES

CONSORZIO DELLA COSTA  
SMERALDA  
Tourism

FELTRINELLI EDITORE  
Publishing

W. & A. GILBEY  
Cameron whisky

HARBERT ITALIANA  
Toys

ICI (EUROPA) FIBRES  
Terylene, Crimplene

3M MINNESOTA ITALIA  
Scotch Brite scourer-pads

TIGULLIO  
Presto sauce

## Zurich

AIR CANADA

AMERICAN EXPRESS

GILLETTE (SWITZERLAND)  
Dippity-Do

SHELL SWITZERLAND  
Gasoline and other automotive products and services

SIMCA

## Toronto

AMERICAN EXPRESS

BRISTOL-MYERS  
Ban, Bufferin, Excedrin, Fact, Vitalis, Score, Softique

## Vienna

AETERNA SCHUHFABRIK  
Salamander shoes

AIR CANADA

AMERICAN EXPRESS

FELIX AUSTRIA  
Baby food, tinned food, frozen vegetables, tomato ketchup



# Ogilvy & Mather International Inc.

## Consolidated Statement of Income and Retained Earnings

For the years ended December 31, 1966 and 1965

	1966	1965
<b>GROSS BILLINGS TO CLIENTS</b>	<u>\$166,300,297</u>	<u>\$149,487,991</u>
<b>INCOME</b>		
Fee and commission income	\$ 26,674,905	\$ 23,741,037
Other income, net	<u>263,482</u>	<u>235,956</u>
	<u>26,938,387</u>	<u>23,976,993</u>
<b>EXPENSES</b>		
Salaries and other employee benefits	16,486,199	14,458,987
Office and general expenses	6,836,970	6,101,545
Depreciation and amortization	410,804	365,595
Interest expense	112,891	122,968
Minority interest (Note 1)	<u>41,871</u>	<u>117,069</u>
	<u>23,888,735</u>	<u>21,166,164</u>
<b>INCOME BEFORE TAXES ON INCOME</b>	<u>3,049,652</u>	<u>2,810,829</u>
Provision for taxes on income (Note 2)		
United States	1,146,000	644,429
Foreign	<u>466,363</u>	<u>747,450</u>
	<u>1,612,363</u>	<u>1,391,879</u>
<b>NET INCOME</b> ( 1966—\$1.32 per share; 1965—\$1.31 per share )	<u>1,437,289</u>	<u>1,418,950</u>
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<u>2,573,962</u>	<u>1,369,270</u>
	<u>4,011,251</u>	<u>2,788,220</u>
Dividends (1966—\$.30 per share; 1965—\$.20 per share)	<u>327,480</u>	<u>214,258</u>
<b>RETAINED EARNINGS, END OF YEAR</b>	<u>\$ 3,683,771</u>	<u>\$ 2,573,962</u>

Ogilvy & Mather International Inc.  
Consolidated Balance Sheet

ASSETS	December 31,	
	1966	1965
<b>CURRENT ASSETS</b>		
Cash	\$ 1,656,327	\$ 1,576,857
Marketable securities, at cost		
which approximates market	652,805	171,755
Accounts receivable, less allowance		
for possible uncollectable accounts	19,238,273	16,419,677
Expenditures billable to clients	3,030,470	1,743,852
Other current assets	370,576	265,926
Total current assets	<u>24,948,451</u>	<u>20,178,067</u>
<b>FIXED ASSETS, at cost</b>		
Furniture, fixtures and equipment	2,667,296	2,356,475
Leasehold improvements	1,243,604	943,310
	<u>3,910,900</u>	<u>3,299,785</u>
<i>Less</i> —Accumulated depreciation and amortization	<u>1,719,756</u>	<u>1,401,225</u>
	2,191,144	1,898,560
<b>EXCESS OF INVESTMENT IN FOREIGN CONSOLIDATED COMPANY OVER NET ASSETS ACQUIRED</b>	525,763	525,763
<b>DEFERRED CHARGES AND OTHER ASSETS, less amortization</b>	229,574	287,270
	<u>\$ 27,894,932</u>	<u>\$ 22,889,660</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 17,996,849	\$ 14,214,507
Federal and foreign income taxes	1,621,232	1,563,837
Contributions payable to profit-sharing and pension plans (Note 5)	614,488	811,432
Bank loans	327,623	170,439
Total current liabilities	<u>20,560,192</u>	<u>16,760,215</u>
<b>15-YEAR 6 PERCENT DEBENTURES (Note 3)</b>	811,000	811,000
<b>RETIREMENT AND SEVERANCE RESERVES (Note 5)</b>	225,522	160,257
<b>MINORITY INTEREST (Note 1)</b>	31,442	31,221
<b>STOCKHOLDERS' EQUITY (Notes 1, 3 and 4)</b>		
Common stock, \$2 par value (In 1966—1,400,000 shares authorized, 1,091,601 outstanding; in 1965—1,150,000 shares authorized, 1,086,601 outstanding)	2,183,202	2,173,202
Paid-in surplus	399,803	379,803
Retained earnings	3,683,771	2,573,962
	<u>6,266,776</u>	<u>5,126,967</u>
	<u>\$ 27,894,932</u>	<u>\$ 22,889,660</u>

Ogilvy & Mather International Inc.  
 Distribution of Net Assets  
 and Net Income of Operating Subsidiaries  
 December 31, 1966

	United States*	Canada, United Kingdom and Continental Europe
<b>NET ASSETS OF OPERATING SUBSIDIARIES</b>		
Current assets	\$ 13,683,393	\$ 11,260,123
Current liabilities	(11,402,045)	(9,196,283)
Fixed assets, net	1,263,338	927,806
Other noncurrent assets, including intangibles	18,550	644,230
Noncurrent liabilities	(63,000)	(162,522)
Intercompany balances, net		(282,378)
Minority interest		(31,442)
Net Assets	<u>\$ 3,500,236</u>	<u>\$ 3,159,534</u>
 <b>NET INCOME OF OPERATING SUBSIDIARIES</b>	 \$ 1,308,659	 \$ 241,114

\*Exclusive of net liabilities of \$392,994 and \$112,484 loss of the parent holding company.

## Notes to Consolidated Financial Statements

### Note 1—Organization and Principles of Consolidation:

On January 4, 1965 the Company, which is primarily a holding company, acquired basically through an exchange of shares all of the outstanding stock of two operating agencies, Ogilvy & Mather Inc. and Mather and Crowther Ltd. The combination of these two agencies has been accounted for as a pooling of interests.

The consolidated financial statements include the accounts of the Company and all

subsidiary companies including an 80% owned German agency. Foreign currency accounts have been translated into U.S. dollars at current rates of exchange.

See "Distribution of Net Assets and Net Income of Operating Subsidiaries" appearing above.

### Note 2—Income Taxes:

No provision has been made for U.S. and foreign taxes which would be payable upon realization of foreign subsidiaries' retained earnings; no such distribution is contemplated

since these retained earnings are needed for working capital requirements of the respective companies. No U.S. taxes were payable on foreign dividends received in 1966 because of the availability of foreign tax credits.

### Note 3—Debentures and Earnings Available for Dividends:

The 15-year 6% debentures, issued in connection with the organization of the Company, are payable in five annual instalments



beginning December 31, 1975. Commencing January 1, 1970, the Company has the right to redeem all or a part of these obligations at par plus various premiums. Under the terms of the debentures, certain restrictions are placed on the payment of cash dividends; at December 31, 1966, \$2,954,180 of consolidated retained earnings were not so restricted.

#### Note 4—Capital Stock, Paid-in Surplus and Stock Option Plan:

On March 22, 1966, the stockholders approved an increase in the authorized common stock from 1,150,000 shares to 1,400,000 shares.

The excess of the proceeds over the par value of 5,000 shares of common stock sold during the year of \$20,000 was credited to paid-in surplus.

The stockholders also approved a qualified Stock Option Plan under which 75,000 authorized but unissued shares were reserved under option. During the year, options for 60,000 shares were granted at a price of \$17.25 per share which was 100 percent of the fair market value of the common stock on the date of such grant. Options for 3,700 shares were subsequently cancelled and at December 31, 1966, 18,700 shares were available for grant. Options are exercisable beginning one year from the date of grant

on a cumulative annual basis at the rate of 25 percent of the total number of shares under option; no option may be granted after March 31, 1971.

#### Note 5—Pension and Profit Sharing Plans:

The German agency has a retirement plan under which unfunded provisions, based on actuarial calculations, are made to provide for anticipated pension obligations including prior service costs over the service life of eligible employees. Under the British company's contributory plan, annuities are purchased from an insurance company to provide for the annual increment in earned benefits of plan participants. Vested benefits of each plan are more than covered by book reserves and fund assets, respectively. Aggregate costs of these plans amounted to \$292,211; (\$271,646 in 1965). No other subsidiaries of the company have pension plans.

In addition, supplementary payments aggregating \$85,952 were made to certain former employees of group companies. The United States subsidiary is also providing annually for the anticipated future cost of a post active service compensation agreement with a key officer.

The aggregate cost of contributions to profit sharing trust funds of the United States and Canadian operating subsidiaries

amounted to \$614,488; (\$580,939 in 1965).

#### Note 6—Commitments:

Approximate annual rentals under leases in effect at the present time on premises occupied by the Company's operating subsidiaries were as follows:

1967	\$1,285,000
1968	1,110,000
1969	1,060,000
1970	870,000
1971	805,000

Total lease commitments extending beyond 1971 amounted to approximately \$2,835,000 for terms ending through 1980, the major portion of which is applicable to space leased for the offices of the Company's United States subsidiary.

The Company has entered into an agreement with the Trio Advertising Agency in Switzerland under which it is proposed to combine the Swiss and Italian agencies with Trio agencies in these two countries. The Company will be required to make a cash investment of approximately \$125,000 for a substantial minority interest in the combined Swiss company and a controlling interest in the Italian company.

The Company has the right of first refusal on the 20% minority interest in Heumann O&M should the owner offer it for sale.

To the Board of Directors  
and Stockholders of  
Ogilvy & Mather International Inc.

60 Broad Street  
New York, New York

In our opinion, the accompanying consolidated balance sheet and related consolidated statement of income and retained earnings present fairly the financial position of Ogilvy & Mather International Inc. and its subsidiaries at December 31, 1966 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

March 8, 1967

PRICE WATERHOUSE & CO.

Ogilvy & Mather International Inc.  
Five Year Earnings Summary

	Year ended December 31, (Stated in thousands)				
	1962	1963	1964	1965	1966
Gross billings	<u>\$82,275</u>	<u>\$99,773</u>	<u>\$125,281</u>	<u>\$149,488</u>	<u>\$166,300</u>
Fee and commission income	\$13,303	\$15,971	\$ 20,225	\$ 23,741	\$ 26,675
Other income, net	<u>21</u>	<u>167</u>	<u>220</u>	<u>236</u>	<u>263</u>
	<u>13,324</u>	<u>16,138</u>	<u>20,445</u>	<u>23,977</u>	<u>26,938</u>
Salaries and other employee benefits	9,008	10,498	12,682	14,459	16,486
Office, general and other expenses	3,244	4,467	5,344	6,590	7,361
Minority interest		59	100	117	42
	<u>12,252</u>	<u>15,024</u>	<u>18,126</u>	<u>21,166</u>	<u>23,889</u>
Income before taxes	<u>1,072</u>	<u>1,114</u>	<u>2,319</u>	<u>2,811</u>	<u>3,049</u>
Provision for taxes on income					
United States	468	266	564	644	1,146
Foreign	<u>128</u>	<u>314</u>	<u>673</u>	<u>748</u>	<u>466</u>
	<u>596</u>	<u>580</u>	<u>1,237</u>	<u>1,392</u>	<u>1,612</u>
Net income	<u>\$ 476</u>	<u>\$ 534</u>	<u>\$ 1,082</u>	<u>\$ 1,419</u>	<u>\$ 1,437</u>
Per share—Net income	<u>\$ .42</u>	<u>\$ .47</u>	<u>\$ .97</u>	<u>\$1.31</u>	<u>\$1.32</u>
— Dividends*				<u>\$ .20</u>	<u>\$ .30</u>

\*Dividends paid after formation of the Company.





